

CASS COUNTY, IOWA

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2016

Cass County  
Table of Contents

	<u>Page</u>
Officials	1
Independent Auditor's Report	2
Management's Discussion and Analysis	3 - 3f
Basic Financial Statements	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	A 4
Statement of Activities	B 6
Governmental Fund Financial Statements:	
Balance Sheet	C 7
Reconciliation of the Balance Sheet -	
Governmental Funds to the Statement of Net Position	D 9
Statement of Revenues, Expenditures and Changes in	
Fund Balances	E 10
Reconciliation of the Statement of Revenues, Expenditures,	
and Changes in Fund Balances - Governmental Funds to	
the Statement of Activities	F 12
Proprietary Fund Financial Statements:	
Statement of Net Position	G 13
Statement of Revenues, Expenses and Changes in Fund	
Net Position	H 14
Statement of Cash Flows	I 15
Fiduciary Fund Financial Statement:	
Statement of Fiduciary Assets and Liabilities - Agency Funds	J 16
Notes to Financial Statements	17
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes	
in Balances - Budget and Actual (Cash Basis) - All Governmental Funds	40
Budgetary Comparison Schedule - Budget to GAAP Reconciliation	41
Notes to Required Supplementary Information - Budgetary Reporting	42
Schedule of Funding Progress for the Retiree Health Plan	43
Schedule of the County's Proportionate Share of the Net Pension Liability	44
Schedule of County Contributions	45
Notes to Required Supplementary Information - Pension Liability	46
Supplementary Information:	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 47
Combining Schedule of Revenues, Expenditures and	
Changes in Fund Balances	2 48
Agency Funds:	
Combining Schedule of Fiduciary Assets and Liabilities	3 49
Combining Schedule of Changes in Fiduciary Assets	
and Liabilities	4 52
Schedule of Revenues by Source and Expenditures by	
Function - All Governmental Funds	5 55
Schedule of Expenditures of Federal Awards	6 56
Independent Auditor's Report on Internal Control over Financial	
Reporting and on Compliance and Other Matters Based on an	
Audit of Financial Statements Performed in Accordance with	
Government Auditing Standards	58
Independent Auditor's Report on Compliance for Each Major Federal	
Program on Internal Control over Compliance and on the Schedule	
of Expenditures of Federal Awards Required by the Uniform Guidance	60
Schedule of Findings and Questioned Costs	62

Cass County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gaylord Schelling	Board of Supervisors	January, 2019
Mark Wedemeyer	Board of Supervisors	January, 2019
Frank Waters	Board of Supervisors	January, 2017
Charles Rieken	Board of Supervisors	January, 2017
Duane McFadden	Board of Supervisors	January, 2017
Dale E. Sunderman	County Auditor	January, 2017
Tracey J. Marshall	County Treasurer	January, 2019
Mary Ward	County Recorder	January, 2019
Darby McLaren	County Sheriff	January, 2017
David Wiederstein	County Attorney	January, 2019
Brenda Nelson	County Assessor	January, 2022

# Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369  
ATLANTIC, IOWA 50022-0369  
(712) 243-1800  
FAX (712) 243-1265  
CPA@GBKCO.COM

MARK D. KYHNN  
DAVID L. HANNASCH  
KENNETH P. TEGELS  
CHRISTOPHER J. NELSON  
DAVID A. GINTHER

## INDEPENDENT AUDITOR'S REPORT

To the Officials of Cass County

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cass County, Iowa as of and for the year ended June 30, 2016, and related notes to the financial statements, which collectively comprise the County's basic financial statements listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Cass County as of June 30, 2016 and the respective changes in its financial position, and cash flows where applicable for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Officials of Cass County

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions, and the Schedule of Funding Progress for the Retiree Health Plan on pages 3 through 3f and on pages 40 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cass County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated February 23, 2017 on our consideration of Cass County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Cass County's internal control over financial reporting and compliance.

*Gmewoll, Ben, Kohn + Co. P.C.*

Atlantic, Iowa  
February 23, 2017

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

Cass County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2016 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 4.3%, or approximately \$692,000, from Fiscal 2015 to Fiscal 2016. Property and other County Taxes and Local Option Sales Tax increased approximately \$19,000. Operating Grants and Contributions decreased approximately \$1,170,000, and Capital Grants and Contributions increased by approximately \$1,615,000.
- Program expenses of the County's governmental activities decreased 17.1%, or approximately \$2,723,000, less in Fiscal 2016 than in Fiscal 2015. Public Safety and Legal Services increased \$229,000, Mental Health decreased \$978,000, Roads and Transportation decreased \$616,000, and Non-program decreased \$1,440,000.
- The County's net position increased 14.9%, or approximately \$3,455,000, from June 30, 2015 to June 30, 2016.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Cass County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Cass County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Cass County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for E911, emergency management services, and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Cass County's combined net position increased from \$23.25 million to \$26.71 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2015	2016
Current and Other Assets	\$ 12,101	\$ 13,972
Capital Assets	21,879	23,483
Total Assets	33,980	37,455
Deferred Outflows of Resources	543	452
Long-Term Liabilities	3,287	3,590
Other Liabilities	274	234
Total Liabilities	3,561	3,824
Deferred Inflows of Resources	7,709	7,375
Net Position:		
Net Investment in Capital Assets	20,826	22,609
Restricted	3,876	5,035
Unrestricted	( 1,449)	( 936)
Total Net Position	\$ 23,253	\$ 26,708



Net position of Cass County's governmental activities increased approximately \$3,455,000, or 14.9% during the year. The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets, since they are unavailable for future spending. Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, increased from approximately \$(1,449,000) at June 30, 2015 to approximately (\$936,000) at the end of this year.

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2015	2016
Revenues		
Program Revenues:		
Charges for Services	\$ 518	\$ 529
Operating Grants, Contributions, and Restricted Interest	6,286	5,116
Capital Grants, Contributions, and Restricted Interest	--	1,615
General Revenues:		
Property and Other County Tax	6,555	6,548
Penalty and Interest on Property Tax	46	45
State Tax Credits	421	590
Local Option Sales Tax	655	681
Unrestricted Investment Earnings	59	60
Miscellaneous	1,436	1,484
Total Revenues	15,976	16,668
Program Expenses		
Public Safety and Legal Services	2,053	2,282
Physical Health and Social Services	499	446
Mental Health	1,627	649
County Environment and Education	547	534
Roads and Transportation	5,843	5,227
Governmental Services to Residents	498	529
Administration	2,455	2,589
Non-program	2,366	926
Interest on long-term debt	48	31
Total Expenses	15,936	13,213
Change in Net Position	40	3,455
Net Position, Beginning of Year	23,213	23,253
Net Position, End of Year	\$ 23,253	\$ 26,708

Revenues of the County's governmental activities increased 4.3%, or approximately \$692,000, from Fiscal 2015 to Fiscal 2016. State Tax Credits increased approximately \$169,000. Operating Grants and Contributions decreased approximately \$1,170,000, and Capital Grants and Contributions increased by \$1,615,000.

Fiscal 2016 saw an increase in total taxable valuation of \$39,366,000, which is a 5.1% increase, with the total tax asking increasing by \$90,600, or 1.4%.

The cost of all governmental activities this year was \$13.21 million, a decrease of \$2.7 million when compared to last year. However, as shown in the Statement of Activities on page 6, the amount taxpayers ultimately financed for these activities was \$5.95 million because some of the cost was paid by those directly benefited from the programs (\$528,700) or by other governments and organizations that subsidized certain programs with grants and contributions (\$6,731,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, increased from approximately \$6,804,715 in 2015 to \$7,259,784 in 2016, principally due to the increase in Capital Grants, Contributions, and Restricted Interest. The County paid for the remaining "public benefit" portion of governmental activities with approximately \$9,407,381 in property and local option taxes (some of which could only be used for certain programs) and other revenues, such as interest and general entitlements.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Cass County completed the year, its governmental funds reported a combined fund balance of \$6.42 million, an increase of approximately \$1,524,000 from last year's total of \$4.90 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund, the operating fund for Cass County, ended Fiscal Year 2016 with a fund balance totaling \$1,406,290. This was an increase from Fiscal Year 2015 of \$344,441.
- The Rural Services Fund ended Fiscal Year 2016 with a fund balance of \$759,047. This was an increase from Fiscal Year 2015 of \$211,383.
- The Secondary Roads Fund ended Fiscal Year 2016 with a fund balance of \$2,631,737, up \$784,554 when compared to the ending balance for Fiscal Year 2015. The County continues to work for Federal and State grants and shared funding projects, such as FEMA, EWP, etc., to help offset the maintenance costs to local taxpayers.
- The Local Option Sales Tax Fund balance at year end increased by \$141,144 from the prior year. The Mental Health fund ended Fiscal Year 2016 with a balance of \$434,479.

## **BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following a required public notice and hearing for all funds except Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on a cash basis. Cass County amended its budget April 6, 2016, increasing budgeted receipts by \$1,080,972 and increasing budgeted disbursements by \$1,899,000. The majority of the budget increases were in the Mental Health (\$500,000); Roads and Transportation (\$500,000), and Capital Projects (\$844,000) functions.

The County's total receipts of \$14,323,427 were \$3,257,637 less than budgeted. The County's total disbursements of \$13,093,851 were \$6,644,343 less than budgeted.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2016, Cass County had approximately \$23.5 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is an approximate \$1,604,000 increase (including additions and deletions) from last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2015	2016
Land	\$ 1,345	\$ 1,345
Construction in Progress	1,013	445
Buildings and Improvements	294	1,001
Equipment and Vehicles	2,090	2,174
Infrastructure	17,137	18,518
	<u>\$ 21,879</u>	<u>\$ 23,483</u>

The County had depreciation expense of \$1,077,006 in Fiscal 2016 and total accumulated depreciation of \$8,865,109 at June 30, 2016. The County's Fiscal Year 2016 capital budget included \$2,786,000 for capital projects, principally for bridge construction and infrastructure for the construction of an ethanol plant. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

### Debt

Cass County and Audubon County invested \$1,000,000 (\$500,000 each) in a joint land purchase/economic development project in FY2007: Valley Business Park. General Obligation Bonds in the amount of \$500,000 each for both Cass County and Audubon County were issued September 11, 2007. First principal payment maturity was June 1, 2008. The principal and interest were paid utilizing Local Option Sales Tax revenues and land lease income. During FY2010, FY2011, FY2012, FY2013, FY2014, FY2015, and FY2016, the same sources were used to pay principal and interest. The intent is to continue to pay general obligation expenses through revenues generated through lease of undeveloped farm ground, Local Option Sales Tax revenues designated for economic development, and revenues resulting from development projects that utilize the site. At the end of FY2016, the General Obligation Bonds remaining were approximately \$214,189.

In August of 2011, the County issued \$520,000 of general obligation note payable through a local bank to finance the completion of infrastructure improvements at Amaizing Energy site. At the end of FY 2016, the General Obligation note payable remaining was approximately \$199,000.

In January of 2014, the County entered into a \$350,000 real estate installment contract for the purchase of a building that will house the E911 Communications Center. At the end of FY2016, the real estate installment contract was refinanced and had a remaining balance of \$ - 0 - .

In April of 2015, the County entered into a \$325,000 general obligation note payable through a local bank to finance equipment for the E911 communications center. At the end of FY2016 the general obligation note payable remaining was \$131,184.

In July of 2015, the County entered into a \$360,000 general obligation note payable through a local bank to refinance the January, 2014 real estate installment contract. At the end of FY2016 the general obligation note payable remaining was \$330,482.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Cass County's Board of Supervisors considered many factors for the fiscal year 2017 budget, tax rates, the local economic conditions and funding of various County services. One of those factors was the economy. The County experienced an increase in its insurance costs – liability and workmen's compensation. The population of Cass County as estimated by the 2010 census was 13,956. The county compensation board recommended a 4% increase for the recorder, treasurer, auditor, sheriff and supervisors and a \$60,000 salary for the part-time attorney for FY2017. The board of supervisors reduced all proposed increases by 1/4 and approved a 3% increase for recorder, treasurer, auditor, sheriff and supervisors; and a \$60,000 salary for the attorney for FY2017.

The County attempts to keep all departmental budgets to as small an increase as practical to help alleviate the difference between revenue and expenditures in an effort to maintain all current county programs. Limitations of growth in the general funds may jeopardize continuation of current levels of service. Cass County has no plans for the addition of any major new programs or initiatives in the FY 2017 budget.

If projections are realized, during FY 2017 some depletion of fund balances may occur.

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Cass County's finances and show accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Cass County Auditor's office, Cass County Courthouse, Atlantic, IA 50022, telephone (712)243-4570.

Cass County  
Statement of Net Position  
June 30, 2016

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 6,583,053
Receivables:	
Property tax:	
Delinquent	7,629
Succeeding year	7,115,000
Interest and penalty on property tax	14,645
Accounts	16,378
Due from other funds	1,161
Due from other governments	160,916
Inventories	72,833
Capital assets (net of accumulated depreciation)	23,483,358
Total assets	<u>37,454,973</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>452,499</u>
Liabilities	
Accounts payable	130,314
Accrued interest payable	1,863
Salaries and benefits payable	37,684
Due to other governments	64,162
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	190,122
General obligation debt	93,836
Portion due or payable after one year:	
General obligation debt	781,019
Net pension liability	2,525,324
Total liabilities	<u>3,824,324</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	7,115,000
Pension related deferred inflows	260,324
Total deferred inflows of resources	<u>7,375,324</u>

(continued next page)

Cass County  
Statement of Net Position - continued  
June 30, 2016

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	\$ 22,608,503
Restricted for:	
Mental health purposes	175,035
Rural service purposes	750,187
Secondary roads purposes	2,535,599
County attorney and sheriff investigation purposes	699,892
Other purposes	874,516
Unrestricted	<u>( 935,908)</u>
Total net position	<u>\$ 26,707,824</u>

See notes to financial statements.

Cass County  
Statement of Activities  
Year ended June 30, 2016

		<u>Program Revenues</u>
	<u>Expenses</u>	<u>Charges for Service</u>
Functions/Programs:		
Governmental activities:		
Public safety and legal services	\$ 2,282,230	\$ 242,937
Physical health and social services	445,889	--
Mental health	648,714	150
County environment and education	533,993	16,998
Roads and transportation	5,226,858	--
Governmental services to residents	529,000	265,976
Administration	2,588,404	2,618
Non-program	926,177	--
Interest on long-term debt	<u>31,396</u>	<u>--</u>
Total	<u>\$ 13,212,661</u>	<u>\$ 528,679</u>
General Revenues:		
Property and other county tax levied for:		
General purposes		
Penalty and interest on property tax		
State tax credits		
Local option sales tax		
Unrestricted investment earnings		
Miscellaneous		
Total general revenues		
Change in net position		
Net position beginning of year		
Net position end of year		

See notes to financial statements.

Program Revenues		
Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position
\$ 296,390	\$ --	\$( 1,742,903)
151,839	--	( 294,050)
48,374	--	( 600,190)
72,074	--	( 444,921)
3,446,669	1,615,255	( 164,934)
700	--	( 262,324)
215,373	--	( 2,370,413)
834,473	--	( 91,704)
49,958	--	18,562
<u>\$ 5,115,850</u>	<u>\$ 1,615,255</u>	<u>( 5,952,877)</u>

6,547,418  
 44,442  
 590,387  
 680,850  
 60,204  
1,484,080  
9,407,381  
 3,454,504  
23,253,320  
\$ 26,707,824



Cass County  
Balance Sheet  
Governmental Funds

June 30, 2016

		<u>Special Revenue</u>
	<u>General</u>	<u>Rural Services</u>
Assets		
Cash and pooled investments	\$ 1,504,917	\$ 790,237
Receivables:		
Property tax:		
Delinquent	6,725	429
Succeeding year	4,302,000	2,512,000
Interest and penalty on property tax	14,645	--
Accounts	15,837	--
Due from other funds	1,161	--
Due from other governments	50,987	--
Inventories	--	--
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 5,896,272</u>	<u>\$ 3,302,666</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ 84,326	\$ 9,522
Salaries and benefits payable	7,340	11,805
Due to other governments	59,577	--
Compensated absences	14,779	9,863
Total liabilities	<u>166,022</u>	<u>31,190</u>
Deferred inflows of resources:		
Unavailable revenues:		
Succeeding year property tax	4,302,000	2,512,000
Other	21,960	429
Total deferred inflows of resources	<u>4,323,960</u>	<u>2,512,429</u>

(continued next page)

Special Revenue				
Secondary Roads	Local Option Sales Tax	County Attorney and Sheriff Investigation	Nonmajor	Total
\$ 2,634,567	\$ 324,550	\$ 700,141	\$ 495,712	\$ 6,450,124
--	--	--	475	7,629
--	--	--	301,000	7,115,000
--	--	--	--	14,645
485	--	--	56	16,378
--	--	--	--	1,161
--	109,929	--	--	160,916
<u>72,833</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>72,833</u>
\$ 2,707,885	\$ 434,479	\$ 700,141	\$ 797,243	\$ 13,838,686
\$ 34,497	\$ --	\$ 249	\$ 1,220	\$ 129,814
17,228	--	--	1,311	37,684
--	--	--	4,585	64,162
<u>24,423</u>	<u>--</u>	<u>--</u>	<u>414</u>	<u>49,479</u>
<u>76,148</u>	<u>--</u>	<u>249</u>	<u>7,530</u>	<u>281,139</u>
--	--	--	301,000	7,115,000
<u>--</u>	<u>--</u>	<u>--</u>	<u>437</u>	<u>22,826</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>301,437</u>	<u>7,137,826</u>

Cass County  
Balance Sheet  
Governmental Funds - continued  
June 30, 2016

		<u>Special Revenue</u>
	<u>General</u>	<u>Rural Services</u>
Fund balances:		
Nonspendable:		
Inventories	\$       --	\$       --
Restricted for:		
Rural services purposes	--	759,047
Secondary roads purposes	--	--
Capital projects	--	--
Other purposes	--	--
Unassigned	<u>1,406,290</u>	<u>--</u>
Total fund balances	<u>1,406,290</u>	<u>759,047</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$   5,896,272</u>	 <u>\$   3,302,666</u>

See notes to financial statements.

Special Revenue		County Attorney and Sheriff Investigation	Nonmajor	Total
Secondary Roads	Local Option Sales Tax			
\$ 72,833	\$ --	\$ --	\$ --	\$ 72,833
--	--	--	--	759,047
2,558,904	--	--	--	2,558,904
--	--	--	66,917	66,917
--	434,479	699,892	421,359	1,555,730
--	--	--	--	1,406,290
<u>2,631,737</u>	<u>434,479</u>	<u>699,892</u>	<u>488,276</u>	<u>6,419,721</u>
<u>\$ 2,707,885</u>	<u>\$ 434,479</u>	<u>\$ 700,141</u>	<u>\$ 797,243</u>	<u>\$ 13,838,686</u>

## Cass County

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Position

June 30, 2016

Total governmental fund balances (page 8)		\$ 6,419,721
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$32,348,467 and the accumulated depreciation is \$8,865,109.		23,483,358
Assets not available to pay for current period expenditures and, therefore, are recognized as deferred inflows in the governmental funds.		22,826
The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		132,429
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental fund, as follows:		
Deferred outflows of resources	\$ 452,499	
Deferred inflows of resources	( 260,324)	192,175
Accrued interest payable, and long-term liabilities, including general obligation bonds, compensated absences payable, and net pension liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.		( 3,542,685)
Net position of governmental activities (page 5)		<u>\$ 26,707,824</u>

See notes to financial statements.

Cass County  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2016

		<u>Special Revenue</u>
	<u>General</u>	<u>Rural Services</u>
Revenues:		
Property and other County tax	\$ 3,756,305	\$ 2,369,520
Local option sales tax	--	--
Interest and penalty on property tax	42,300	--
Intergovernmental	1,609,281	320,900
Licenses and permits	24,398	--
Charges for service	360,816	--
Use of money and property	60,204	--
Miscellaneous	115,208	30,183
Total revenues	<u>5,968,512</u>	<u>2,720,603</u>
Expenditures:		
Operating:		
Public safety and legal services	1,655,530	745,624
Physical health and social services	445,889	--
Mental health	130,963	--
County environment and education	346,347	100,500
Roads and transportation	--	259,619
Governmental services to residents	538,132	--
Administration	1,294,183	--
Non-program	926,177	--
Debt service	--	--
Capital projects	--	2,070
Total expenditures	<u>5,337,221</u>	<u>1,107,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>631,291</u>	<u>1,612,790</u>

(continued next page)

Special Revenue		County Attorney and Sheriff Investigation	Nonmajor	Total
Secondary Roads	Local Option Sales Tax			
\$ --	\$ --	\$ --	\$ 417,451	\$ 6,543,276
--	680,850	--	--	680,850
--	--	--	--	42,300
4,001,226	--	18,390	101,896	6,051,693
2,010	--	--	--	26,408
--	--	--	2,493	363,309
--	--	157	144,463	204,824
17,907	2,130	72,169	104,261	341,858
<u>4,021,143</u>	<u>682,980</u>	<u>90,716</u>	<u>770,564</u>	<u>14,254,518</u>
--	--	44,799	--	2,445,953
--	--	--	--	445,889
--	--	--	517,821	648,784
--	--	--	40,372	487,219
4,340,035	--	--	--	4,599,654
--	--	--	--	538,132
--	--	--	--	1,294,183
--	--	--	--	926,177
--	--	--	577,998	577,998
931,279	72,351	--	144,686	1,150,386
<u>5,271,314</u>	<u>72,351</u>	<u>44,799</u>	<u>1,280,877</u>	<u>13,114,375</u>
<u>( 1,250,171)</u>	<u>610,629</u>	<u>45,917</u>	<u>( 510,313)</u>	<u>1,140,143</u>

Cass County  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds - continued

Year ended June 30, 2016

		<u>Special Revenue</u>
	<u>General</u>	<u>Rural Services</u>
Other financing sources (uses):		
General obligation note payable advanced	\$           --	\$           --
Sale of capital assets	--	--
Operating transfers in	--	269,485
Operating transfers out	<u>(   286,850)</u>	<u>( 1,670,892)</u>
Total other financing sources (uses)	<u>(   286,850)</u>	<u>( 1,401,407)</u>
Change in fund balances	344,441	211,383
Fund balances beginning of year	<u>1,061,849</u>	<u>547,664</u>
Fund balances end of year	<u>\$ 1,406,290</u>	<u>\$ 759,047</u>

See notes to financial statements.



Special Revenue		County Attorney and Sheriff Investigation	Nonmajor	Total
Secondary Roads	Local Option Sales Tax			
\$ --	\$ --	\$ --	\$ 360,000	\$ 360,000
23,650	--	--	--	23,650
2,011,075	--	--	538,040	2,818,600
--	( 469,485)	--	( 391,373)	( 2,818,600)
<u>2,034,725</u>	<u>( 469,485)</u>	<u>--</u>	<u>506,667</u>	<u>383,650</u>
784,554	141,144	45,917	( 3,646)	1,523,793
<u>1,847,183</u>	<u>293,335</u>	<u>653,975</u>	<u>491,922</u>	<u>4,895,928</u>
<u>\$ 2,631,737</u>	<u>\$ 434,479</u>	<u>\$ 699,892</u>	<u>\$ 488,276</u>	<u>\$ 6,419,721</u>

## Cass County

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds to the Statement of Activities

Year ended June 30, 2016

Change in fund balances - Total governmental funds (page 11) \$ 1,523,793

Amounts reported for governmental activities in the statements of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 1,667,058	
Capital assets contributed by the Iowa Department of Transportation	1,037,116	
Depreciation expense	<u>( 1,077,006)</u>	1,627,168

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. ( 23,275)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Debt proceeds	( 360,000)	
Principal paid	<u>538,998</u>	178,998

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows in the governmental funds, as follows:

Property tax		6,284
--------------	--	-------

The current year County employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position 377,759

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	12,947	
Pension expense	( 220,804)	
Interest on long-term debt	<u>7,604</u>	( 200,253)

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. ( 35,970)

Change in net position of governmental activities (page 6) \$ 3,454,504

See notes to financial statements.

Cass County  
Statement of Net Position  
Proprietary Fund  
June 30, 2016

	Internal Service - Employee Group Health
	<hr/>
Assets:	
Cash and cash equivalents	\$ 132,929
Total assets	132,929
Liabilities:	
Accounts payable	<hr/> 500
Net Position:	
Unrestricted	\$ 132,429

See notes to financial statements.

Cass County  
Statement of Revenues, Expenses, and Changes  
in Fund Net Position  
Proprietary Fund

Year ended June 30, 2016

		Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds		\$ 1,162,059
Reimbursements from employees		190,355
Miscellaneous revenue		<u>16,458</u>
Total operating revenues		1,368,872
Operating expenses:		
Medical claims	\$ 170,038	
Insurance premiums	1,226,195	
Administrative fees	<u>8,609</u>	<u>1,404,842</u>
Operating loss		( 35,970)
Net position beginning of year		<u>168,399</u>
Net position end of year		<u>\$ 132,429</u>

See notes to financial statements.

Cass County  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2016

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,162,059
Cash received from employees and others	206,813
Cash payments to suppliers for services	<u>( 1,404,842)</u>
Net cash used in operating activities	( 35,970)
Cash and cash equivalents at beginning of year	<u>168,899</u>
Cash and cash equivalents at end of year	<u>\$ 132,929</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$( 35,970)
Net cash used in operating activities	<u>\$( 35,970)</u>

See notes to financial statements.

Cass County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2016

Assets

Cash and pooled investments:

County Treasurer

\$ 847,652

Other County officials

15,352

Receivables:

Property tax:

Delinquent

41,792

Succeeding year

20,556,000

Accounts

12,616

Due from other governments

188,398

Total assets

21,661,810

Liabilities

Accounts payable

27,384

Salaries and benefits payable

4,809

Due to other funds

1,161

Due to other governments

21,559,183

Trusts payable

14,360

Compensated absences

54,913

Total liabilities

21,661,810

Net position

\$ --

See notes to financial statements.

Cass County  
Notes to Financial Statements  
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cass County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Cass County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Cass County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Nine drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Cass County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Cass County Auditor's office.

Cass County  
Notes to Financial Statements

June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Related Organizations - The County Board of Supervisors are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The Board of Supervisors appoint two of the five members to the board of the Cass County Environmental Control Agency. An audit of this Agency is performed and filed under separate cover. Financial transactions of this organization are included in the County's financial statements only to the extent of the County's fiduciary relationship with the Commission and, as such, are reported in an Agency Fund of the County.

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Cass County Assessor's Conference Board, Public Safety Communications Commission, Cass County Joint A1 Service Board and Cass County Emergency Management Services Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.



Cass County

Notes to Financial Statements

June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The Local Option Sales Tax Fund is used to account for the sales tax revenues to be used for property tax relief, community betterment, and capital improvements.

The Sheriff and Attorney Investigation Fund is used to account for forfeiture and other revenues to be used for law enforcement investigations and equipment.

Cass County  
Notes to Financial Statements  
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Cass County  
Notes to Financial Statements

June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust and non-negotiable certificates of deposit, which are valued at amortized cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Cass County  
Notes to Financial Statements  
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2015.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from and Due to Other funds - During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2016, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Cass County  
Notes to Financial Statements

June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets - Capital assets, which include property, furniture and equipment and intangibles are reported in the governmental activity column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings, and improvements	25,000
Intangibles	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	2 - 20
Vehicles	3 - 10

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County's reporting period.

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Cass County  
Notes to Financial Statements  
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave is generally paid at 25%, not to exceed 800 hours (1,004 hours for employees under bargaining agreement in the secondary roads department), upon retirement. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for amounts paid to employees within sixty days after year end. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2016. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represents an acquisition of net position applicable to future periods which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on IPERS' investments.

Cass County  
Notes to Financial Statements  
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned - Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

Net Position - The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2016, disbursements did not exceed the amount budgeted in any function.

NOTE 2 - CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Cass County  
Notes to Financial Statements  
June 30, 2016

NOTE 2 - CASH AND POOLED INVESTMENTS - Continued

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$1,143,835 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

The County had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest rate risk. The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit risk. The investment in Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk. The County places no limit on the amount that may be invested in any one issuer.

NOTE 3 - DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency: County Offices	<u>\$ 1,161</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.



Cass County  
Notes to Financial Statements  
June 30, 2016

NOTE 4 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 140,183
	Special Revenue:	
	Rural Services	1,670,892
	Local Option Sales Tax	<u>200,000</u>
		2,011,075
Capital Projects	General	10,000
Special Revenue: Rural Services	Special Revenue:	
	Local Option Sales Tax	269,485
Debt Service	General	136,667
	Capital Projects	<u>391,373</u>
		<u>528,040</u>
		<u>\$ 2,818,600</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Cass County  
Notes to Financial Statements  
June 30, 2016

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,344,700	\$ --	\$ --	\$ 1,344,700
Construction in progress	<u>1,012,637</u>	<u>2,155,031</u>	<u>2,722,663</u>	<u>445,005</u>
Total capital assets not being depreciated	<u>2,357,337</u>	<u>2,155,031</u>	<u>2,722,663</u>	<u>1,789,705</u>
Capital assets being depreciated:				
Buildings	1,767,158	746,532	--	2,513,690
Equipment and vehicles	5,804,666	549,142	187,163	6,166,645
Infrastructure, road network	<u>19,902,295</u>	<u>1,976,132</u>	<u>--</u>	<u>21,878,427</u>
Total capital assets being depreciated	<u>27,474,119</u>	<u>3,271,806</u>	<u>187,163</u>	<u>30,558,762</u>
Less accumulated depreciation for:				
Buildings	1,473,088	39,923	--	1,513,011
Equipment and vehicles	3,715,256	441,240	163,888	3,992,608
Infrastructure, road network	<u>2,763,647</u>	<u>595,843</u>	<u>--</u>	<u>3,359,490</u>
Total accumulated depreciation	<u>7,951,991</u>	<u>1,077,006</u>	<u>163,888</u>	<u>8,865,109</u>
Total capital assets being depreciated, net	<u>19,522,128</u>	<u>2,194,800</u>	<u>23,275</u>	<u>21,693,653</u>
Governmental activities capital assets, net	<u>\$ 21,879,465</u>	<u>\$4,349,831</u>	<u>\$2,745,938</u>	<u>\$ 23,483,358</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 38,103
County environment and education	47,811
Roads and transportation	944,758
Administrative services	<u>46,334</u>
Total depreciation expense - governmental activities	<u>\$1,077,006</u>

Cass County  
Notes to Financial Statements  
June 30, 2016

NOTE 6 - DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 59,577
Special Revenue:		
Geographic Information System	Services	3,035
Drainage Districts		<u>1,550</u>
Total for governmental funds		<u>\$ 64,162</u>
Agency:		
County Assessor	Collections	\$ 553,527
Schools		11,369,170
Community Colleges		1,307,852
Corporations		5,196,825
Auto License and Use Tax		332,115
County Hospital		2,011,763
All Other		<u>787,931</u>
Total for agency funds		<u>\$ 21,559,183</u>

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	<u>General Obligation Bonds</u>	<u>General Obligation Installment Contract</u>	<u>General Obligation Note Payable</u>	<u>Compensated Absences</u>	<u>Net Pension Liability</u>	<u>Total</u>
Balance beginning of year	\$ 505,189	\$ 322,173	\$ 226,491	\$ 194,248	\$2,038,795	\$3,286,896
Increases	--	--	360,000	--	486,529	846,529
Decreases	<u>92,000</u>	<u>322,173</u>	<u>124,825</u>	<u>4,126</u>	<u>--</u>	<u>543,124</u>
Balance end of year	<u>\$ 413,189</u>	<u>\$ --</u>	<u>\$ 461,666</u>	<u>\$ 190,122</u>	<u>\$2,525,324</u>	<u>\$3,590,301</u>
Due within one year	<u>\$ 61,000</u>	<u>\$ --</u>	<u>\$ 32,836</u>	<u>\$ 190,122</u>	<u>\$ --</u>	<u>\$ 283,958</u>

Cass County  
Notes to Financial Statements  
June 30, 2016

NOTE 7 - LONG-TERM LIABILITIES - Continued

A summary of the County's June 30, 2016 general obligation indebtedness is as follows:

<u>Year ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	2.25% - 3.95%	\$ 93,836	\$ 22,576	\$ 116,412
2018	2.25% - 3.95%	175,634	29,994	205,628
2019	2.25% - 3.95%	155,478	21,803	177,281
2020	2.25% - 3.95%	106,127	13,110	119,237
2021	2.25% - 3.95%	106,925	9,640	116,565
2022 - 2026	2.25% - 3.95%	<u>236,855</u>	<u>12,927</u>	<u>249,782</u>
Total		<u>\$ 874,855</u>	<u>\$ 110,050</u>	<u>\$ 984,905</u>

During the year ended June 30, 2016, the County retired \$538,998 of general obligation debt.

NOTE 8 - PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Cass County  
Notes to Financial Statements  
June 30, 2016

NOTE 8 - PENSION PLAN - Continued

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. Sheriffs, deputies and protection occupation members may retire anytime after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's or protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50 percent for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

Cass County  
Notes to Financial Statements  
June 30, 2016

NOTE 8 - PENSION PLAN - Continued

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll, for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.88% of covered payroll, for a total rate of 19.76%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll, for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2016 were \$377,759.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the County reported a liability of \$2,525,324 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the County's proportion was 0.051115%, which was a decrease of 0.000293% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$220,804. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Total - All Groups</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17,871	\$ --
Changes of assumptions	50,957	--
Net difference between projected and actual earnings on pension plan investments	--	260,324
Changes in proportion and differences between County contributions and proportionate share of contributions	5,912	--
County contributions subsequent to the measurement date	<u>377,759</u>	<u>--</u>
	<u>\$ 452,499</u>	<u>\$ 260,324</u>

Cass County  
Notes to Financial Statements  
June 30, 2016

NOTE 8 - PENSION PLAN - Continued

The \$377,759, reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Total
2017	\$( 100,275)
2018	( 100,275)
2019	( 100,275)
2020	118,166
2021	( 2,925)
	<u>\$( 185,584)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00% to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Cass County  
Notes to Financial Statements

June 30, 2016

NOTE 8 - PENSION PLAN - Continued

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	(0.71)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
County's proportionate share of the net pension liability	\$ 4,868,468	\$ 2,525,324	\$ 549,361



Cass County

Notes to Financial Statements

June 30, 2016

NOTE 8 - PENSION PLAN - Continued

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to IPERS - All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2016.

NOTE 9 - RISK MANAGEMENT

Cass County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 746 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expense, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2016 were approximately \$172,300.

Cass County  
Notes to Financial Statements  
June 30, 2016

NOTE 9 - RISK MANAGEMENT - Continued

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2016, no liability has been recorded in the County's financial statements. As of June 30, 2016, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 - EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual out of pocket maximum of \$4,000 for single coverage and \$8,000 for family coverage. Claims in excess of the out of pocket maximums are insured through the purchase of insurance.

Cass County  
Notes to Financial Statements

June 30, 2016

NOTE 10 - EMPLOYEE HEALTH INSURANCE PLAN - Continued

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2016 was \$1,162,059.

Amounts payable from the Employee Group Health Fund at June 30, 2016 total \$500, which is for incurred but not recorded (IBNR) and reported but not paid claims. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable a liability has incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. At June 30, 2016, the County has accumulated funds in excess of actual claims paid of \$132,429, which is reported as net position of the Internal Service, Employee Group Health Fund.

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The County operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees, and their spouses. There are 91 active and 2 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical and prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy: The contribution requirements of plan members are established and may be amended by the County. The County currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the County and plan members are \$714 for single coverage and \$1,590 for family coverage. For the year ended June 30, 2016, the County contributed \$1,162,059 and plan members eligible for benefits contributed \$206,813 to the plan.

Net OPEB Obligation: Management had an actuarial valuation performed dated October 3, 2016. The actuarial report noted the unfunded actuarial accrued liability to be \$209,717. The annual required contribution for the year end June 30, 2016 is \$30,989. The actuarial accrued liability is assuming a 30% participation rate; however, the County's current participation rate is approximately two percent. Because of the high assumed participation rate, management considers the actuarial accrued liability to be overstated. Management considers the liability to be immaterial and has not recorded this liability in its statements of net position.

Cass County  
Notes to Financial Statements  
June 30, 2016

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Construction

The County has entered into contracts totaling approximately \$2,306,000, primarily for bridge replacement to be completed during fiscal year 2017. As of June 30, 2016, the County has incurred \$445,005 on these projects. The projects will be financed with existing funds.

Subsequent Events

The County has evaluated all subsequent events through February 23, 2017, the date the financial statements were available to be issued.

NOTE 13 - CASS COUNTY FINANCIAL INFORMATION INCLUDED IN THE  
SOUTHWEST IOWA MENTAL HEALTH AND DISABILITY SERVICES  
REGION

Southwest Iowa Mental Health and Disability Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Fremont, Harrison, Mills, Monona, Montgomery, Page, Pottawattamie, Shelby, and Cass. The financial activity and balances of Cass County's Special Revenue, Mental Health Fund is included in the Southwest Iowa Mental Health and Disability Services Region for the year ended June 30, 2016 as follows:

Revenues:

Property and other county tax	\$ 417,451
Intergovernmental revenues:	
State tax credits	41,221
Charges for services	<u>150</u>
Total revenues	<u>458,822</u>

Expenditures:

Services to persons with:	
Mental illness	14,361
General administration:	
Direct administration	31,772
Distribution to regional fiscal agent	<u>471,688</u>
Total expenditures	<u>517,821</u>

Deficiency of revenues under expenditures	( 58,999)
Fund balance beginning of the year	<u>237,804</u>
Fund balance end of the year	<u>\$ 178,805</u>

Cass County  
Notes to Financial Statements  
June 30, 2016

NOTE 13 - CASS COUNTY FINANCIAL INFORMATION INCLUDED IN THE  
SOUTHWEST IOWA MENTAL HEALTH AND DISABILITY SERVICES  
REGION - Continued

	<u>Mental Health</u>
Assets	
Cash and pooled investments	\$ 180,291
Receivables:	
Property Tax:	
Delinquent	475
Succeeding year	<u>301,000</u>
Total assets	<u>\$ 481,766</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance	
Liabilities:	
Salaries and benefits payable	\$ 1,110
Compensated absences	<u>414</u>
Total liabilities	<u>1,524</u>
Deferred Inflows of Resources:	
Unavailable Revenues:	
Succeeding year property tax	301,000
Other	<u>437</u>
Total deferred inflows of resources	<u>301,437</u>
Fund Balance:	
Restricted for:	
Mental Health purposes	<u>178,805</u>
Total fund balance	<u>178,805</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 481,766</u>

\* \* \*

## REQUIRED SUPPLEMENTARY INFORMATION

Cass County  
Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances -  
Budget and Actual (Cash Basis) - All Governmental Funds

Required Supplementary Information

Year ended June 30, 2016

	<u>Actual</u>	<u>Less Funds not Required to be Budgeted</u>	<u>Net</u>
Receipts:			
Property and other County tax	\$ 7,257,625	\$ --	\$ 7,257,625
Interest and penalty on property tax	42,311	--	42,311
Intergovernmental	6,129,803	--	6,129,803
Licenses and permits	25,498	--	25,498
Charges for service	358,696	--	358,696
Use of money and property	167,918	--	167,918
Miscellaneous	341,576	--	341,576
Total receipts	<u>14,323,427</u>	<u>--</u>	<u>14,323,427</u>
Disbursements:			
Public safety and legal services	2,394,947	--	2,394,947
Physical health and social services	449,306	--	449,306
Mental health	664,843	--	664,843
County environment and education	476,621	--	476,621
Roads and transportation	4,541,709	--	4,541,709
Governmental services to residents	538,462	--	538,462
Administrative services	1,291,167	--	1,291,167
Non-program	989,203	--	989,203
Debt service	577,998	--	577,998
Capital projects	1,169,595	--	1,169,595
Total disbursements	<u>13,093,851</u>	<u>--</u>	<u>13,093,851</u>
Excess (deficiency) of receipts over (under) disbursements	1,229,576	--	1,229,576
Other financing sources, net	<u>383,650</u>	<u>--</u>	<u>383,650</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,613,226	--	1,613,226
Balance beginning of year	<u>4,836,898</u>	<u>1,550</u>	<u>4,835,348</u>
Balance end of year	<u>\$ 6,450,124</u>	<u>\$ 1,550</u>	<u>\$ 6,448,574</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net Variance
\$ 7,402,498	\$ 7,402,498	\$ ( 144,873)
47,300	47,300	( 4,989)
8,104,277	9,035,249	( 2,905,446)
31,140	31,140	( 5,642)
357,115	357,115	1,581
178,698	178,698	( 10,780)
379,064	529,064	( 187,488)
<u>16,500,092</u>	<u>17,581,064</u>	<u>( 3,257,637)</u>
3,028,072	3,053,072	658,125
1,066,063	566,063	116,757
519,541	1,019,541	354,698
554,435	554,435	77,814
5,133,500	5,633,500	1,091,791
598,358	598,358	59,896
1,681,163	1,681,163	389,996
3,174,343	3,174,343	2,185,140
141,465	671,465	93,467
<u>1,942,254</u>	<u>2,786,254</u>	<u>1,616,659</u>
<u>17,839,194</u>	<u>19,738,194</u>	<u>6,644,343</u>
( 1,339,102)	( 2,157,130)	3,386,706
<u>--</u>	<u>360,000</u>	<u>23,650</u>
( 1,339,102)	( 1,797,130)	3,410,356
<u>3,358,274</u>	<u>4,832,517</u>	<u>2,831</u>
<u>\$ 2,019,172</u>	<u>\$ 3,035,387</u>	<u>\$ 3,413,187</u>



Cass County  
 Budgetary Comparison Schedule -Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2016

	Governmental Fund Types		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 14,323,427	\$ ( 68,909)	\$ 14,254,518
Expenditures	<u>13,093,851</u>	<u>20,524</u>	<u>13,114,375</u>
Net	1,229,576	( 89,433)	1,140,143
Other financing sources, net	383,650	--	383,650
Beginning fund balances	<u>4,836,898</u>	<u>59,030</u>	<u>4,895,928</u>
Ending fund balances	<u>\$ 6,450,124</u>	<u>\$ ( 30,403)</u>	<u>\$ 6,419,721</u>

See accompanying independent auditor's report.

## Cass County

### Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2016

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units, the Internal Service Fund and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$1,899,000. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2016, disbursements did not exceed the amounts budgeted in any function.

Cass County

Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2013	July 1, 2012	--	\$ 238	\$ 238	0.0%	\$ 3,690	6.5%
2014	July 1, 2012	--	238	238	0.0%	3,964	6.0%
2015	July 1, 2012	--	238	238	0.0%	4,006	5.9%
2016	July 1, 2015	--	210	210	0.0%	4,011	5.4%

See Note 11 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Cass County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Two Years\*

Required Supplementary Information

	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability	0.051115%	0.051408%
County's proportionate share of the net pension liability	\$ 2,525,000	\$ 2,039,000
County's covered-employee payroll	\$ 4,144,000	\$ 4,086,000
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.93%	49.90%
IPERS net position as a percentage of the total pension liability	85.19%	87.61%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available. Amounts reported are rounded.

See accompanying independent auditor's report.

Cass County  
Schedule of County Contributions  
Iowa Public Employees' Retirement System  
Last 10 Fiscal Years  
(In Thousands)  
Required Supplementary Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 378,000	\$ 377,000	\$ 371,000	\$ 338,000
Contributions in relation to the statutorily required contribution	<u>( 378,000)</u>	<u>( 377,000)</u>	<u>( 371,000)</u>	<u>( 338,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
County's covered-employee payroll	\$ 4,153,000	\$ 4,144,000	\$ 4,086,000	\$ 3,814,000
Contributions as a percentage of covered-employee payroll	9.10%	9.10%	9.08%	8.86%

See accompanying independent auditor's report.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 309,000	\$ 262,000	\$ 243,000	\$ 222,000	\$ 203,000	\$ 183,000
<u>( 309,000)</u>	<u>( 262,000)</u>	<u>( 243,000)</u>	<u>( 222,000)</u>	<u>( 203,000)</u>	<u>( 183,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 3,705,000	\$ 3,593,000	\$ 3,549,000	\$ 3,391,000	\$ 3,269,000	\$ 2,776,000
8.34%	7.29%	6.85%	6.55%	6.21%	6.59%

Cass County

Notes to Required Supplementary Information - Pension Liability

Year Ended June 30, 2016

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

\* \* \*

See accompanying independent auditor's report.

## SUPPLEMENTARY INFORMATION



Cass County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2016

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transfer	Mental Health	Conservation Land Acquisition Trust
<b>Assets</b>				
Cash and pooled investments	\$ 8,244	\$ 549	\$ 180,291	\$ 25,236
Receivables:				
Property Tax:				
Delinquent	--	--	475	--
Succeeding Year	--	--	301,000	--
Accounts	--	--	--	--
Total assets	<u>\$ 8,244</u>	<u>\$ 549</u>	<u>\$ 481,766</u>	<u>\$ 25,236</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	1,110	--
Due to other governments	--	--	--	--
Compensated absences	--	--	414	--
Total liabilities	<u>--</u>	<u>--</u>	<u>1,524</u>	<u>--</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues:				
Succeeding year property tax	--	--	301,000	--
Other	--	--	437	--
Total deferred inflows of resources	<u>--</u>	<u>--</u>	<u>301,437</u>	<u>--</u>
<b>Fund balances:</b>				
Restricted for:				
Capital projects	--	--	--	--
Other purposes	8,244	549	178,805	25,236
Total fund balances	<u>8,244</u>	<u>549</u>	<u>178,805</u>	<u>25,236</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,244</u>	<u>\$ 549</u>	<u>\$ 481,766</u>	<u>\$ 25,236</u>

See accompanying independent auditor's report.

Special Revenue						
Resource Enhancement and Protection	Flood and Erosion	Drainage Districts	Geographic Information System	Debt Service	Capital Projects	Total
\$ 65,566	\$ 50,446	\$ 1,550	\$ 95,749	\$ --	\$ 68,081	\$ 495,712
--	--	--	--	--	--	475
--	--	--	--	--	--	301,000
--	--	--	--	--	56	56
<u>\$ 65,566</u>	<u>\$ 50,446</u>	<u>\$ 1,550</u>	<u>\$ 95,749</u>	<u>\$ --</u>	<u>\$ 68,137</u>	<u>\$ 797,243</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,220	\$ 1,220
--	201	--	--	--	--	1,311
--	--	1,550	3,035	--	--	4,585
--	--	--	--	--	--	414
<u>--</u>	<u>201</u>	<u>1,550</u>	<u>3,035</u>	<u>--</u>	<u>1,220</u>	<u>7,530</u>
--	--	--	--	--	--	301,000
--	--	--	--	--	--	437
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>301,437</u>
--	--	--	--	--	66,917	66,917
65,566	50,245	--	92,714	--	--	421,359
<u>65,566</u>	<u>50,245</u>	<u>--</u>	<u>92,714</u>	<u>--</u>	<u>66,917</u>	<u>488,276</u>
<u>\$ 65,566</u>	<u>\$ 50,446</u>	<u>\$ 1,550</u>	<u>\$ 95,749</u>	<u>\$ --</u>	<u>\$ 68,137</u>	<u>\$ 797,243</u>

Cass County  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2016

	Special Revenue			
	County Recorder's Records Management	County Recorder's Electronic Transfer	Mental Health	Conservation Land Acquisition Trust
Revenues:				
Property and other County tax	\$ --	\$ --	\$ 417,451	\$ --
Intergovernmental	--	--	41,221	--
Charges for service	2,343	--	150	--
Use of money and property	8	17	--	--
Miscellaneous	--	--	--	11,001
Total revenues	<u>2,351</u>	<u>17</u>	<u>458,822</u>	<u>11,001</u>
Expenditures:				
Operating:				
Mental health	--	--	517,821	--
County environment and education	1,440	--	--	3,224
Debt service	--	--	--	--
Capital projects	--	--	--	--
Total expenditures	<u>1,440</u>	<u>--</u>	<u>517,821</u>	<u>3,224</u>
Excess (deficiency) of revenues over (under) expenditures	911	17	( 58,999)	7,777
Other financing sources (uses):				
General obligation note payable issued	--	--	--	--
Operating transfers in	--	--	--	--
Operating transfers out	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Change in fund balances	911	17	( 58,999)	7,777
Fund balances beginning of year	<u>7,333</u>	<u>532</u>	<u>237,804</u>	<u>17,459</u>
Fund balances end of year	<u>\$ 8,244</u>	<u>\$ 549</u>	<u>\$ 178,805</u>	<u>\$ 25,236</u>

See accompanying independent auditor's report.

Special Revenue						
Resource Enhancement and Protection	Flood and Erosion	Drainage Districts	Geographic Information System	Debt Service	Capital Projects	Total
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 417,451
14,005	25,500	--	15,000	--	6,170	101,896
--	--	--	--	--	--	2,493
10	--	--	--	--	144,428	144,463
--	--	--	35	49,958	43,267	104,261
<u>14,015</u>	<u>25,500</u>	<u>--</u>	<u>15,035</u>	<u>49,958</u>	<u>193,865</u>	<u>770,564</u>
--	--	--	--	--	--	517,821
--	35,473	--	235	--	--	40,372
--	--	--	--	577,998	--	577,998
--	--	--	--	--	144,686	144,686
<u>--</u>	<u>35,473</u>	<u>--</u>	<u>235</u>	<u>577,998</u>	<u>144,686</u>	<u>1,280,877</u>
14,015	( 9,973)	--	14,800	( 528,040)	49,179	( 510,313)
--	--	--	--	--	360,000	360,000
--	--	--	--	528,040	10,000	538,040
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>( 391,373)</u>	<u>( 391,373)</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>528,040</u>	<u>( 21,373)</u>	<u>506,667</u>
14,015	( 9,973)	--	14,800	--	27,806	( 3,646)
<u>51,551</u>	<u>60,218</u>	<u>--</u>	<u>77,914</u>	<u>--</u>	<u>39,111</u>	<u>491,922</u>
<u>\$ 65,566</u>	<u>\$ 50,245</u>	<u>\$ --</u>	<u>\$ 92,714</u>	<u>\$ --</u>	<u>\$ 66,917</u>	<u>\$ 488,276</u>

Cass County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2016

	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$       --	\$       846	\$    216,546
Other County officials	15,352	--	--
Receivables:			
Property tax:			
Delinquent	--	340	531
Succeeding year	--	215,000	336,000
Accounts	--	--	450
Due from other governments	<u>169</u>	<u>--</u>	<u>11,047</u>
Total assets	<u>\$    15,521</u>	<u>\$    216,186</u>	<u>\$    564,574</u>
<b>Liabilities</b>			
Accounts payable	\$       --	\$       --	\$       --
Salaries and benefits payable	--	--	--
Due to other funds	1,161	--	--
Due to other governments	--	216,186	553,527
Trusts payable	14,360	--	--
Compensated absences	<u>--</u>	<u>--</u>	<u>11,047</u>
Total liabilities	<u>\$    15,521</u>	<u>\$    216,186</u>	<u>\$    564,574</u>

(continued next page)

## Schedule 3

<u>Child Support Recovery</u>	<u>Emergency Management Services</u>	<u>City Special Assessments</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ 7,386	\$ 25,098	\$ 6,430	\$ 42,930	\$ 3,815	\$ 37,367
--	--	--	--	--	--
--	--	--	17,240	2,037	18,458
--	--	--	11,309,000	1,302,000	5,141,000
--	--	--	--	--	--
<u>53,884</u>	<u>27,024</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 61,270</u>	<u>\$ 52,122</u>	<u>\$ 6,430</u>	<u>\$ 11,369,170</u>	<u>\$ 1,307,852</u>	<u>\$ 5,196,825</u>
\$ 536	\$ 81	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
50,141	49,221	6,430	11,369,170	1,307,852	5,196,825
--	--	--	--	--	--
<u>10,593</u>	<u>2,820</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 61,270</u>	<u>\$ 52,122</u>	<u>\$ 6,430</u>	<u>\$ 11,369,170</u>	<u>\$ 1,307,852</u>	<u>\$ 5,196,825</u>

Cass County

Combining Schedule of Fiduciary Assets and Liabilities - Continued  
Agency Funds

June 30, 2016

	<u>Townships</u>	<u>Environmental Control Agency</u>	<u>Brucellosis and Tuberculosis Eradication</u>
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 375	\$ --	\$ 1,698
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	22	--	4
Succeeding year	250,000	--	3,000
Accounts	--	--	--
Due from other governments	<u>--</u>	<u>22,557</u>	<u>--</u>
Total assets	<u>\$ 250,397</u>	<u>\$ 22,557</u>	<u>\$ 4,702</u>
<b>Liabilities</b>			
Accounts payable	\$ --	\$ 9,674	\$ --
Salaries and benefits payable	--	2,143	--
Due to other funds	--	--	--
Due to other governments	250,397	--	4,702
Trusts payable	--	--	--
Compensated absences	<u>--</u>	<u>10,740</u>	<u>--</u>
Total liabilities	<u>\$ 250,397</u>	<u>\$ 22,557</u>	<u>\$ 4,702</u>

(continued next page)

<u>Auto License and Use Tax</u>	<u>Advance Tax</u>	<u>County Hospital</u>	<u>Public Safety</u>	<u>County Recorder's Electronic Fee</u>	<u>E911 Operating</u>
\$ 346,088	\$ 51,475	\$ 8,606	\$( 3,115)	\$ 417	\$ 650
--	--	--	--	--	--
--	3	3,157	--	--	--
--	--	2,000,000	--	--	--
--	--	--	--	--	--
--	--	--	73,717	--	--
<u>\$ 346,088</u>	<u>\$ 51,478</u>	<u>\$ 2,011,763</u>	<u>\$ 70,602</u>	<u>\$ 417</u>	<u>\$ 650</u>
\$ 13,973	\$ --	\$ --	\$ 1,919	\$ --	\$ --
--	--	--	2,666	--	--
--	--	--	--	--	--
332,115	51,478	2,011,763	46,304	417	650
--	--	--	--	--	--
--	--	--	19,713	--	--
<u>\$ 346,088</u>	<u>\$ 51,478</u>	<u>\$ 2,011,763</u>	<u>\$ 70,602</u>	<u>\$ 417</u>	<u>\$ 650</u>



Cass County

Combining Schedule of Fiduciary Assets and Liabilities - Continued  
Agency Funds

June 30, 2016

	<u>E911 Surcharge</u>	<u>Cass-Audubon Economic Development</u>	<u>Environmental Planning Trust</u>
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 7,197	\$ 74,153	\$ 1,388
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	--	--	--
Succeeding year	--	--	--
Accounts	12,166	--	--
Due from other governments	<u>--</u>	<u>--</u>	<u>--</u>
Total assets	<u>\$ 19,363</u>	<u>\$ 74,153</u>	<u>\$ 1,388</u>
<b>Liabilities</b>			
Accounts payable	\$ 1,201	\$ --	\$ --
Salaries and benefits payable	--	--	--
Due to other funds	--	--	--
Due to other governments	18,162	74,153	1,388
Trusts payable	--	--	--
Compensated absences	<u>--</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>\$ 19,363</u>	<u>\$ 74,153</u>	<u>\$ 1,388</u>

See accompanying independent auditor's report.

Environmental Recycling Trust	Total
\$ 18,302 --	\$ 847,652 15,352
-- -- -- --	41,792 20,556,000 12,616 188,398
<u>\$ 18,302</u>	<u>\$ 21,661,810</u>
\$ -- -- -- 18,302 -- --	\$ 27,384 4,809 1,161 21,559,183 14,360 54,913
<u>\$ 18,302</u>	<u>\$ 21,661,810</u>

Cass County  
Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2016

	<u>County Offices</u>	<u>Agricultural Extension Education</u>	<u>County Assessor</u>
Assets and Liabilities			
Balances beginning of year	\$ 14,130	\$ 205,698	\$ 631,527
Additions:			
Property and other County tax	--	209,296	322,963
E911 surcharge	--	--	--
State tax credits	--	19,475	42,163
Office fees and collections	341,907	--	5,000
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	178,479	--	--
Advances	--	--	--
Miscellaneous	--	--	--
Total additions	<u>520,386</u>	<u>228,771</u>	<u>370,126</u>
Deductions:			
Agency Remittances:			
To other funds	169,530	--	--
To other governments	173,434	218,283	437,079
Trusts paid out	<u>176,031</u>	<u>--</u>	<u>--</u>
Total deductions	<u>518,995</u>	<u>218,283</u>	<u>437,079</u>
Balances end of year	<u>\$ 15,521</u>	<u>\$ 216,186</u>	<u>\$ 564,574</u>

(continued next page)

<u>Child Support Recovery</u>	<u>Emergency Management Services</u>	<u>City Special Assessments</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ 67,270	\$ 21,619	\$ 6,840	\$ 10,255,889	\$ 937,104	\$ 4,894,122
--	--	--	10,963,613	1,274,174	4,684,872
--	--	--	--	--	--
--	--	--	1,001,780	89,025	680,022
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	18,682	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
293,841	117,638	--	--	--	--
<u>293,841</u>	<u>117,638</u>	<u>18,682</u>	<u>11,965,393</u>	<u>1,363,199</u>	<u>5,364,894</u>
--	--	--	--	--	--
299,841	87,135	19,092	10,852,112	992,451	5,062,191
--	--	--	--	--	--
<u>299,841</u>	<u>87,135</u>	<u>19,092</u>	<u>10,852,112</u>	<u>992,451</u>	<u>5,062,191</u>
\$ 61,270	\$ 52,122	\$ 6,430	\$ 11,369,170	\$ 1,307,852	\$ 5,196,825

Cass County

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued  
Agency Funds

Year ended June 30, 2016

	<u>Townships</u>	<u>Environmental Control Agency</u>	<u>Brucellosis and Tuberculosis Eradication</u>
Assets and Liabilities			
Balances beginning of year	\$ <u>228,453</u>	\$ <u>20,098</u>	\$ <u>3,309</u>
Additions:			
Property and other County tax	250,086	--	2,574
E911 surcharge	--	--	--
State tax credits	17,051	--	254
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Advances	--	--	--
Miscellaneous	--	861,377	--
Total additions	<u>267,137</u>	<u>861,377</u>	<u>2,828</u>
Deductions:			
Agency Remittances:			
To other funds	--	--	--
To other governments	245,193	858,918	1,435
Trusts paid out	--	--	--
Total deductions	<u>245,193</u>	<u>858,918</u>	<u>1,435</u>
Balances end of year	\$ <u>250,397</u>	\$ <u>22,557</u>	\$ <u>4,702</u>

(continued next page)

<u>Auto License and Use Tax</u>	<u>Advance Tax</u>	<u>County Hospital</u>	<u>Public Safety</u>	<u>County Recorder's Electronic Fee</u>
\$ 336,209	\$ 41,245	\$ 2,200,100	\$ 51,709	\$ 456
--	--	1,834,651	--	--
--	--	--	--	--
--	--	198,098	--	--
--	--	--	--	--
4,527,747	--	--	--	--
102,091	--	--	--	--
--	--	--	--	2,342
--	--	--	--	--
--	--	--	--	--
--	69,108	--	--	--
--	--	--	442,646	--
<u>4,629,838</u>	<u>69,108</u>	<u>2,032,749</u>	<u>442,646</u>	<u>2,342</u>
200,907	--	--	--	--
4,419,052	58,875	2,221,086	423,753	2,381
--	--	--	--	--
<u>4,619,959</u>	<u>58,875</u>	<u>2,221,086</u>	<u>423,753</u>	<u>2,381</u>
\$ 346,088	\$ 51,478	\$ 2,011,763	\$ 70,602	\$ 417

Cass County  
Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued  
Agency Funds

Year ended June 30, 2016

	<u>E911 Operating</u>	<u>E911 Surcharge</u>	<u>Cass-Audubon Economic Development</u>
Assets and Liabilities			
Balances beginning of year	\$ 300	\$ 86,397	\$ 94,068
Additions:			
Property and other County tax	--	--	--
E911 surcharge	--	167,059	--
State tax credits	--	--	--
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Drivers license fees	--	--	--
Electronic transaction fees	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Advances	--	--	--
Miscellaneous	350	64,854	80,000
Total additions	<u>350</u>	<u>231,913</u>	<u>80,000</u>
Deductions:			
Agency Remittances:			
To other funds	--	298,947	--
To other governments	--	--	99,915
Trusts paid out	--	--	--
Total deductions	<u>--</u>	<u>298,947</u>	<u>99,915</u>
Balances end of year	\$ <u>650</u>	\$ <u>19,363</u>	\$ <u>74,153</u>

See accompanying independent auditor's report.

<u>Environmental Planning Trust</u>	<u>Environmental Recycling Trust</u>	<u>Tax Sale Redemption</u>	<u>Total</u>
<u>\$ 6,491</u>	<u>\$ 9,068</u>	<u>\$ --</u>	<u>\$ 20,112,102</u>
--	--	--	19,542,229
--	--	--	167,059
--	--	--	2,047,868
--	--	--	346,907
--	--	--	4,527,747
--	--	--	102,091
--	--	--	2,342
--	--	--	18,682
--	--	126,407	304,886
--	--	--	69,108
<u>4,397</u>	<u>9,234</u>	<u>--</u>	<u>1,874,337</u>
<u>4,397</u>	<u>9,234</u>	<u>126,407</u>	<u>29,003,256</u>
--	--	--	669,384
9,500	--	--	26,481,726
--	--	126,407	302,438
<u>9,500</u>	<u>--</u>	<u>126,407</u>	<u>27,453,548</u>
<u>\$ 1,388</u>	<u>\$ 18,302</u>	<u>\$ --</u>	<u>\$ 21,661,810</u>



Cass County

Schedule of Revenues by Source and Expenditures by Function -  
All Governmental Fund Types

For the Last Ten Years

	Modified Accrual Basis				
	2016	2015	2014	2013	2012
Revenues:					
Property and other					
County tax	\$ 7,224,126	\$ 7,210,296	\$ 6,627,919	\$ 6,620,965	\$ 6,150,888
Interest and penalty on					
property tax	42,300	46,922	50,578	46,845	48,160
Intergovernmental	6,051,693	6,419,357	6,401,335	5,145,746	6,705,691
Licenses and permits	26,408	21,353	20,150	25,939	26,618
Charges for service	363,309	342,440	351,156	366,761	352,680
Use of money and					
property	204,824	206,426	191,376	149,986	160,946
Miscellaneous	<u>341,858</u>	<u>396,798</u>	<u>258,643</u>	<u>343,528</u>	<u>944,132</u>
Total	<u>\$ 14,254,518</u>	<u>\$ 14,643,592</u>	<u>\$ 13,901,157</u>	<u>\$ 12,699,770</u>	<u>\$ 14,389,115</u>
Expenditures:					
Operating:					
Public safety and					
legal services	\$ 2,445,953	\$ 2,411,136	\$ 2,359,152	\$ 2,059,001	\$ 1,935,360
Physical health and					
social services	445,889	499,226	499,198	369,124	478,949
Mental health	648,784	1,629,259	1,092,156	1,159,179	2,312,828
County environment					
and education	487,219	521,275	517,854	572,006	430,641
Roads and transportation	4,599,654	4,287,370	4,958,282	4,215,133	4,375,809
Governmental services					
to residents	538,132	491,377	523,171	429,305	402,688
Administration	1,294,183	1,291,705	1,222,405	1,174,627	1,129,327
Non-program	926,177	2,365,949	2,405,639	1,486,923	867,510
Debt service	577,998	222,209	77,435	114,758	249,448
Capital projects	<u>1,150,386</u>	<u>1,166,542</u>	<u>813,009</u>	<u>362,366</u>	<u>2,196,115</u>
Total	<u>\$ 13,114,375</u>	<u>\$ 14,886,048</u>	<u>\$ 14,468,301</u>	<u>\$ 11,942,422</u>	<u>\$ 14,378,675</u>

See accompanying independent auditor's report.

Modified Accrual Basis				
2011	2010	2009	2008	2007
\$ 5,888,548	\$ 5,069,888	\$ 4,851,694	\$ 4,805,648	\$ 4,678,010
50,972	45,035	49,092	46,544	50,066
6,087,544	6,509,684	5,398,243	4,998,735	4,504,374
72,190	16,134	12,901	16,179	11,624
364,599	331,044	352,024	369,449	311,806
160,970	173,836	197,003	296,102	304,575
<u>402,507</u>	<u>313,162</u>	<u>264,702</u>	<u>325,451</u>	<u>537,730</u>
<u>\$ 13,027,330</u>	<u>\$ 12,458,783</u>	<u>\$ 11,125,659</u>	<u>\$ 10,858,108</u>	<u>\$ 10,398,185</u>
\$ 1,851,156	\$ 1,672,950	\$ 1,710,523	\$ 1,666,411	\$ 1,725,161
441,375	554,996	433,167	415,007	385,611
1,916,651	2,067,276	2,121,352	2,315,481	2,147,822
433,668	389,686	434,787	367,127	360,300
4,167,109	4,216,540	4,126,502	3,620,861	3,412,537
410,872	396,319	359,223	348,097	337,930
1,070,552	1,019,398	1,007,030	992,373	923,555
798,090	1,600,473	337,343	24,067	29,592
51,584	52,295	49,130	569,529	--
<u>798,625</u>	<u>1,166,098</u>	<u>1,081,410</u>	<u>1,412,044</u>	<u>2,138,169</u>
<u>\$ 11,939,682</u>	<u>\$ 13,136,031</u>	<u>\$ 11,660,467</u>	<u>\$ 11,730,997</u>	<u>\$ 11,460,677</u>

## Cass County

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2016

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 12,166
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grant Program/State's Program and Non- Entitlement Grants in Hawaii	14.228	08-DRH-203/ 08-DRH-003	599,478
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO15(55)-8J-15	578,139
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Immunization Services	93.268	5886I412	12,217
Public Health Emergency Preparedness	93.074	5886BT11	41,092
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5885NB06	33,925
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered Programs	93.556		34
Child Care Mandatory and Matching Funds of the Child Care and Development Fun	93.596		3,246
Foster Care - Title IV-E	93.658		4,895
Adoption Assistance - Title IV-E	93.659		1,635
Children's Health Insurance Program (CHIP)	93.767		102
Medical Assistance Program (Medicaid, Title XIX)	93.778		22,566

(continued next page)

## Cass County

## Schedule of Expenditures of Federal Awards - Continued

Year ended June 30, 2016

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect:			
Iowa Department of Human Services (continued):			
Social Services Block Grant	93.667		\$ 3,730
U.S. Department of Homeland Security:			
Iowa Homeland Security and Emergency Management Division:			
Hazard Mitigation	97.039		32,276
Emergency Management Performance Grants	97.042	EMPG-13-PT-15	<u>49,172</u>
Total			<u>\$ 1,394,673</u>

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Cass County under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Cass County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Cass County.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Cass County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

## COMMENTS AND RECOMMENDATIONS

# Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369  
ATLANTIC, IOWA 50022-0369  
(712) 243-1800  
FAX (712) 243-1265  
CPA@GBKCO.COM

MARK D. KYHNN  
DAVID L. HANNASCH  
KENNETH P. TEGELS  
CHRISTOPHER J. NELSON  
DAVID A. GINTHER

Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Officials of Cass County, Iowa

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cass County, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 23, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cass County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cass County's internal control. Accordingly, we do not express an opinion on the effectiveness of Cass County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Officials of Cass County, Iowa

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cass County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matter that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### Responses to Findings

Cass County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Cass County's responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Gunnwald, Ben, Kym & Co., P.C.*

Atlantic, Iowa  
February 23, 2017

# Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369  
ATLANTIC, IOWA 50022-0369  
(712) 243-1800  
FAX (712) 243-1265  
CPA@GBKCO.COM

MARK D. KYHNN  
DAVID L. HANNASCH  
KENNETH P. TEGELS  
CHRISTOPHER J. NELSON  
DAVID A. GINTHER

## Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control over Compliance Required by the Uniform Guidance

To the Officials of Cass County, Iowa

### **Report on Compliance for Each Major Federal Program**

We have audited Cass County, Iowa's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2016. Cass County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for Cass County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cass County's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Cass County's compliance.



To the Officials of Cass County, Iowa

### **Opinion on the Major Federal Program**

In our opinion, Cass County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of Cass County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cass County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cass County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Gmewold, Ben, Kym & W. P. C.*

Atlantic, Iowa  
February 23, 2017

Cass County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2016

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) The audit did not disclose any significant deficiencies or material weaknesses in internal control over financial reporting.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) The audit did not disclose any significant deficiencies or material weakness in internal control over the major program.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.515.
- (g) The major program was CFDA Number 20.205 - Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Cass County did qualify as a low-risk auditee.

Cass County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2016

Part II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

INSTANCES OF NON- COMPLIANCE:

No matters were reported.

Cass County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2016

Part IV: Other Findings Related to Required Statutory Reporting

- 16-IV-A Certified Budget: Disbursements during the year ended June 30, 2016 did not exceed the amounts budgeted in any function.
- 16-IV-B Questionable Expenditures: No expenditures were noted that do not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 16-IV-C Travel Expense: No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 16-IV-D Business Transactions: No business transactions between the County and County officials or employees were noted.
- 16-IV-E Bond Coverage: Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- 16-IV-F Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.
- 16-IV-G Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- 16-IV-H Resource Enhancement and Protection Certification: The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- 16-IV-I County Extension Office: The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2016 for the County Extension Office did not exceed the amount budgeted.

\* \* \*